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ATTLEE WINS BATTLE FOR NEW ECONOMIC CONTROLS

THE British economy, already rigidly controlled and highly Spartanized, will become even more so under the program outlined by Prime Minister Attlee in the House of Commons on August 6 and again in his radio broadcast on August 10. Describing the present situation as one of "peril and anxiety," he called for substantial cuts in overseas expenditures and an all-out effort to increase productivity and exports. "The salient feature of recent developments is," Attlee said, "an increase in the dollar deficit," which amounted to \$1.62 billion in the first half of 1947, compared with less than \$1.4 billion for the whole of 1946. What this means in terms of the American loan was explained by Hugh Dalton, Chancellor of the Exchequer, who told the Commons on August 7 that the credit of \$3.75 billion, available since July 15, 1946, would probably be exhausted in October, although it had originally been expected to last three years.

ATTLEE'S PROGRAM. To meet the mounting crisis in Britain's balance of payments, particularly the dollar drain, the Prime Minister declared that expenditures abroad in the next twelve months on films, gasoline, foreign travel, timber, food and miscellaneous consumer goods must be cut by \$800 million. The general rule would be to limit dollar outlays to essential food imports already contracted for. Whether the people would eat less as a result of this decision would depend on how much foodstuffs could be obtained from sterling and other non-dollar areas and on the projected 20 per cent increase in domestic farm output by 1951-52.

But even such revamping of the import trade as this would not close the gap in the balance of payments. Despite the emergency program, Britain will still be buying £400 million more goods than it sells abroad. The one and only source of relief,

Attlee and his Ministers insisted, was production and more production, if there is not to be a permanent decline in the standard of living. To obtain more coal—the key to a larger industrial output—the miners are to work an extra half-hour each day. Moreover, with a new export target of 140 per cent of the 1938 volume by the middle of 1948, action must be taken to make certain that available resources are used most effectively. What this involves was revealed on August 5, when Attlee personally presented to Parliament a measure—termed the Supplies and Services (Transitional Powers) bill—which gives the government comprehensive powers over all industries and workers. This proposal, Attlee frankly conceded, will require "some sacrifice of individual liberty—by both employers and workers."

PROTEST OF LEFTISTS. In presenting the crisis program, Mr. Attlee had counted on the solid support of his party. As it was, however, a surprisingly large number of Laborites threatened to revolt. These Leftist members, led by R. H. S. Crossman and K. Zilliacus, charged that the proposed cuts in imports and military forces abroad were insufficient, and that the cabinet was abandoning the party's principles by placing the burden of the crisis on the workers. Faced with the opposition of 100 to 150 members of his party, Mr. Attlee promptly sought unity by authorizing Sir Stafford Cripps, president of the Board of Trade, to reaffirm the cabinet's determination to intensify, and not abandon, the Socialist program. Thus reassured, the Left-wing group joined other Labor members in rejecting an Opposition challenge on August 7 by a vote of 318 to 170. On August 12 the Prime Minister was given similar support when an Opposition move to reject the emergency powers bill was voted down. This

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measure was hailed by the Leftist group as one of "immense symbolic significance" for the Labor party.

Although the Labor party leadership has for the time being placated the dissenters within its ranks, the cleavage has not been eliminated. Attlee must continue to face the possibility that Left-wing Laborites may eventually split the party and bring down the government. In the meantime, this tug-of-war has troubled the moderates who reason that the plight of Britain is such that the approach of the government should be on a national basis, rather than in terms of party doctrine. Thus, this group favors delay in nationalizing the steel industry, whereas other Laborites demand that this be done now. At a party meeting on August 11, it was agreed by a narrow margin of four votes, with ninety abstaining, to delay steel nationalization.

IMPACT ON U.S. POLICY. The most important source of friction in the ranks of the Labor party, however, has been the conflict on foreign policy issues. Leftist members have been particularly critical of Foreign Minister Bevin who, they insist, has been too antagonistic toward Russia and too willing to follow the lead of the United States.* American policy, these critics contend, is opposed to socialism, proof of which they find in our insistence on delay in nationalizing the Ruhr industry. Our foreign trade program, moreover, is not to their liking; they

*See *Foreign Policy Bulletin*, May 23, 1947.

WHAT ROLE WILL U.S. PLAY IN INDONESIAN CRISIS?

Mounting charges by the Netherlands and the Indonesian Republic that recent cease-fire pledges are being violated by the other side indicate that the UN Security Council cannot hope to promote peace in Indonesia except by going considerably beyond its resolution of August 1. The declaration which was approved on that date by an 8-0 vote (with the United States and U.S.S.R. both voting in favor, and Britain, France and Belgium abstaining) called on both parties "to cease hostilities forthwith . . . to settle their disputes by arbitration or by other peaceful means and to keep the Security Council informed." As a result, both the Netherlands and Indonesian authorities ordered their forces to halt operations at midnight on August 4, but the truce was incomplete and began to disintegrate almost from the beginning.

MAJOR STEP FOR UN. The resolution of August 1, with its clear-cut demand that a war in progress be halted, is the most decisive measure taken by the Security Council since it first met in January 1946. Coming at a time of stalemate on many international questions, the call for peace and negotiation in Indonesia has had the heartening effect of showing that it is possible for the UN to act with more vigor and swiftness than in the past.

But viewed as a means of settling the Netherlands-

believe that multilateral trade will expose Britain to an American depression. Accordingly, the Left-wing groups heartily endorse the cabinet's action in seeking a revision of the trade and exchange provisions of the American loan agreement. The government's decision to obtain imports through bilateral and, if need be, discriminatory trade pacts is also a victory for those Labor party members and others who have opposed the American trade program as inappropriate to Britain's post-war needs. However, as the Prime Minister pointed out, although London is discouraged it has not yet abandoned hope for a system of multilateral trade and convertible currencies. Unlimited exchange of sterling currency for dollars, Attlee observed, "is really a problem of the world shortage of dollars, rather than one arising particularly from the loan agreement."

In short, London's crisis underscores what some observers have contended all along—namely, that unless the "Marshall approach" enunciated in the speech at Harvard on June 5 is quickly translated into an actual plan to aid Europe, we may find that our policy is one of too little, too late. Even with prompt assistance, however, London's difficulties would not thereby be permanently overcome; for as Mr. Attlee stated on August 10, Britain must "get into a position in which we pay for all we need by our own exertions."

HAROLD H. HUTCHESON

Indonesian conflict, the Security Council's action, although promising, was simply a limited first step, which did not go so far as to provide for UN supervision of the cease-fire orders, or offer UN assistance to the disputants in reaching an agreement. These omissions reflected not only the complexity of the Indonesian situation, but also the prevailing differences in policy among members of the Security Council. In the UN discussions, for example, Britain and France, although avoiding the use of the veto, supported the Dutch view that the Indonesian Republic is not a sovereign state, and that the current conflict is accordingly an internal affair of the Netherlands not subject to the jurisdiction of the Council.

DIFFERENCES OVER INDONESIA. Both London and Paris are concerned not to create precedents that could involve the UN in their own activities as colonial powers. The French in particular fear that a parallel might be drawn between Indonesia and Indo-China, where they have been engaged in an inconclusive military struggle with the nationalist Viet Nam Republic. At the same time the British government is disturbed by the forcefulness of the Dutch action in launching military operations, for this approach to colonial problems is regarded as futile under present conditions. The Dutch campaign has also complicated British imperial relations since Aus-

tralia and India were responsible for bringing the Indonesian conflict to the attention of the Security Council in separate notes of July 30.

China and the U.S.S.R. both voted for the UN resolution. The Nanking government finds itself in the complex position of being the product of a powerful nationalist movement at the same time that it is deeply concerned about relations between the Chinese population of Southeast Asia and the nationalists of that area. Throughout the region from the Philippines to Burma emigrant Chinese have won prominent positions in economic life, sometimes in effect fulfilling the functions of a native middle class. As a result, the rise of nationalism in Southeast Asia has often had strong anti-Chinese as well as anti-imperial overtones, and there have recently been reports of anti-Chinese action by Indonesian elements, especially in areas disrupted by warfare.

The most strongly pro-Indonesian proposal was made by the U.S.S.R., which advocated not only the cessation of hostilities, but also the withdrawal of troops and civilian administrators in Indonesia to pre-hostilities positions, i.e., surrender by the Dutch of the fruits of their military campaign. But the Soviet representative, Mr. Gromyko, voted for the American resolution which was finally adopted, after his own proposal received the support only of Poland.

U.S. HOLDS THE KEY. It is clear that the United States holds the key to the Indonesian situation, for the Netherlands will be unable to engage in an extended struggle without continuing American aid. The voice of the United States is also likely to be decisive in determining what the UN can do.

There has as yet been no general statement of American policy, but the American position appears to reflect a number of considerations: concern that the Netherlands not be weakened as a power factor in Europe by difficulties in Indonesia, the existence of an American economic interest in the Indies, especially in oil properties on Sumatra, the traditional sympathy of American public opinion for colonial nationalist movements, and the desire to see

the important international trade of Indonesia restored. Responding to these complex influences, the United States, although proposing the resolution of August 1 as a substitute for a stronger Australian version, has sought to settle the Indonesian conflict outside the UN through its own good offices.

Within the framework of a cautious approach, Washington has seemed to lean more toward the Dutch than the Indonesian side. This has been suggested by some of the statements made by Herschel V. Johnson, United States representative on the Security Council, especially his reference to "the so-called republic" of Indonesia. Perhaps more significant was the action of the International Bank for Reconstruction and Development on August 7 in granting the Netherlands a \$195 million loan for economic reconstruction. In view of the influential position of the United States in the Bank, this is in effect an American credit, whose timing will be felt in Indonesia, even though the grant was under discussion before the present hostilities. It is true that the loan is not to be used in Indonesia or for military purposes, but the Dutch home economy and Dutch strength in Indonesia are closely connected.

WHO SHALL ACT? Both the Netherlands and the Indonesian Republic have accepted the offer of good offices extended by the United States on July 31. But the republic, in its note of August 7, requested Washington "to use its influence with the Netherlands and the Security Council for the Indonesian proposal that an international arbitration commission be dispatched without delay to Indonesia." The Indonesian stand therefore differs from that of the United States in urging arbitration rather than mediation, and action by an international group rather than a single power. The further development of the attitudes of the Security Council members and the two conflicting parties will become clear as the UN discussions proceed. Successful handling by the Security Council, however, would not only promote peace in a troubled area, but would do much to strengthen the UN's prestige.

LAWRENCE K. ROSINGER

CONGRESS GIVES PUERTO RICO GREATER MEASURE OF SELF-RULE

August 5, when the President affixed his signature to the Butler-Crawford Act giving Puerto Rico the right henceforth to elect its own governor, was a red letter day in United States territorial relations. For Puerto Rico this legislation represents the most important political gain since 1917. At that time Congress gave this Spanish-speaking territory, ours more by accident than design, a constitution called the Organic Act which made Puerto Ricans citizens and empowered them to elect their representatives in the insular legislature. With the passage of the Butler-Crawford amendment to the Organic Act, both executive and legislative powers are entirely vested in

the people of Puerto Rico. They now possess a larger degree of self-government than the people of any other American territory.

INSULAR-FEDERAL RELATIONS. The first gubernatorial elections will be held in November 1948, and from that time forward the Governor will appoint (subject only to confirmation by the insular Senate) all department heads except the Auditor, whom the President will continue to designate. Heretofore, no guarantee existed that these appointments would be acceptable to Puerto Ricans, although in recent years it became practice for the Administration to make nominations on the basis of sugges-

tions submitted by the majority party. Previously Congress held the power of confirmation, and the possibility always existed that it might withhold approval of an appointment indefinitely because a few of its members objected to the policies of the nominee, even though the latter represented majority opinion in the island. The important post of the Commissioner of Education, for example, has been vacant for over two years because Congress has been unwilling to confirm the appointment of anyone advocating the use of Spanish rather than English in the insular school system. More often, however, confirmation was delayed by the pressure of other business, since territorial matters have a low priority on the Congressional agenda.

By virtue of the new measure, day to day relations between the executive and the legislative branches of the insular government should be considerably improved. The Governor's cabinet appointments were, and under the new Act will continue to be, subject to confirmation by the Puerto Rican legislature, which also determines the size and pay of his staff. Until President Truman appointed a native Puerto Rican, Jesús T. Piñero, Governor in 1946, following the resignation of Rexford G. Tugwell, there was considerable friction between the popularly elected legislature and the appointed Governor. As long as the Governor (whether Puerto Rican or a "continental") was not an elected official, the legislature was under special temptation to expand its powers at the executive's expense.

Insular approval of the new legislation has been tempered by dissatisfaction over the last-minute inclusion of two amendments to the Act. One provides that the President shall continue to appoint the justices of the Puerto Rican Supreme Court. Included as a safeguard against political interference with the processes of justice, this amendment has disappointed Puerto Ricans who wanted the justices of their highest court popularly elected or, at least, named by the Governor. The second amendment provides that the President shall appoint, subject to Congressional approval, a Federal Coordinator with

the unenviable task of supervising the manifold Federal civilian activities in Puerto Rico. In addition to his stated function, the Federal Coordinator is doubtless intended to represent United States sovereignty over the island, now that the governorship is no longer an appointive office.

INCHING TOWARD AUTONOMY? The Butler-Crawford Act does not pretend to be the final settlement of the island's political status. Of the three arrangements that have been seriously considered as a permanent political solution—statehood, independence, or autonomy within the framework of the United States—it seems to be a step in the direction of autonomy. But Puerto Ricans do not want a superimposed political solution. They want to be able to determine their ultimate political status in a plebiscite on these or other alternatives which Congress would submit to them and by which Congress would be pledged to abide. The new Act also fails to clarify wholly the respective administrative functions of the Federal government and the insular authorities which the Organic Act left in doubt. By acceding nevertheless to the will of the people of the island, who had made the elective governorship their minimum political demand, Congress has effectively demonstrated its interest in their situation and held out the hope that a plebiscite may be the next step. Its action will go far toward dispelling the anxieties and bitterness on both sides that have hitherto prevented a rational approach to the solution of Puerto Rico's problems.

OLIVE HOLMES

The British Commonwealth and International Security, by Gwendolen M. Carter. Toronto, Ryerson Press, 1947. \$4.00

This volume, issued under the auspices of the Canadian Institute of International Affairs, examines the policies of the British Dominions during 1919-1939. It portrays the full participation of the various Commonwealth members in foreign affairs, their attitude toward the League of Nations, and the policies pursued when war became imminent.

The United States and the Near East, by E. A. Speiser. Cambridge, Harvard, 1947. \$2.50

Full of useful facts and clear analyses, this interesting book is the second of a projected twenty-five volume series in the American Foreign Policy Library published by the Harvard University Press.

Why They Behave Like Russians, by John Fischer. New York, Harper, 1947. \$2.75

Lively and informative account of how the Russians have been living since the war, with interesting surmises as to the motives that actuate the people and their leaders. The author, now Harper editor-in-chief, spent two months in Russia in 1946 with UNRRA.

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